

Amend 2 Cal. Code Regs. Section 18225 to read:

§ 18225. Expenditure.

(a) An expenditure is any monetary or nonmonetary payment made for political purposes.

A payment is made for political purposes if it is:

(1) For the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate or candidates, or the qualification or passage of any measure; or

(2) Made by:

(A) A candidate, unless it is clear from surrounding circumstances that the payment was made for personal purposes unrelated to his or her candidacy or status as an office holder;

(B) A controlled committee;

(C) An official committee of a political party, including a state central committee, county central committee, assembly district committee or any subcommittee of such committee; or

(D) An organization formed or existing primarily for political purposes as defined in subsection (a)(1), including but not limited to a political action committee established by any membership organization, labor union or corporation.

(b) "Expenditure" includes any monetary or non-monetary payment made by any person, other than those persons or organizations described in subsection (a), that is used for communications which expressly advocate the nomination, election or defeat of a clearly identified candidate or candidates, or the qualification, passage or defeat of a clearly identified ballot measure.

(1) "Clearly identified" has the following meaning:

1 (A) A candidate is clearly identified if the communication states his name, makes
2 unambiguous reference to his office or status as a candidate, or unambiguously describes him in
3 any manner.

4 (B) A group of candidates is clearly identified if the communication makes unambiguous
5 reference to some well-defined characteristic of the group, even if the communication does not
6 name each candidate. A communication that clearly identifies a group of candidates and
7 expressly advocates their election or defeat is reportable as an expenditure, but the expenditure
8 need not be allocated among all the members of the class or group on the campaign statement
9 reporting the expenditure.

10 (C) A measure that has qualified to be placed on the ballot is clearly identified if the
11 communication states a proposition number, official title or popular name associated with the
12 measure. In addition, the measure is clearly identified if the communication refers to the subject
13 matter of the measure and either states that the measure is before the people for a vote or, taken
14 as a whole and in context, unambiguously refers to the measure.

15 (D) A measure that has not qualified to be placed on the ballot is clearly identified if the
16 communication refers to the subject matter of the measure and to the qualification drive.

17 (2) A communication "expressly advocates" the nomination, election or defeat of a
18 candidate or the qualification, passage or defeat of a measure if it contains express words of
19 advocacy such as "vote for," "elect," "support," "cast your ballot," "vote against," "defeat,"
20 "reject," "sign petitions for" or otherwise refers to a clearly identified candidate or measure so
21 that the communication, taken as a whole, unambiguously urges a particular result in an election.

22 (3) Reporting expenditures.

1 (A) The amount of an expenditure reportable pursuant to this subsection shall include all
2 costs directly attributable to the communication, including but not limited to salaries, production,
3 postage, space or time purchased, agency fees, printing and any additional administrative or
4 overhead costs attributable to the communication. The expenditure does not include any of the
5 regular ongoing business overhead which will be incurred in similar amounts regardless of the
6 communication.

7 (B) When printed or broadcast communications circulate outside the State of California,
8 the expenditure may be calculated on the basis of the fraction of the total cost attributable to
9 circulation within California.

10 (C) Costs directly traceable to the communication are reportable when the
11 communication is made, or when payments are made in connection with the development,
12 production or dissemination of the communication, whichever is earlier.

13 (D) The costs of printing and distributing petitions, recruiting, training and paying
14 expenses of petition circulators, and other costs incurred in connection with qualification of a
15 measure are reportable "expenditures."

16 (4) Notwithstanding the provisions of this subsection, the term expenditure does not
17 include costs incurred for communications which expressly advocate the nomination, election or
18 defeat of a clearly identified candidate or candidates or the qualification, passage or defeat of a
19 clearly identified measure or measures by:

20 ~~(A) A regularly published newspaper, magazine or other periodical of general circulation~~
21 ~~which routinely carries news, articles and commentary of general interest.~~

22 ~~(B) A federally regulated broadcast outlet.~~

1 (A) Any broadcasting station (including a cable television operator, programmer or
2 producer), website, or a regularly published newspaper, magazine or other periodical of general
3 circulation (including any Internet or electronic publication) that routinely carries news and
4 commentary of general interest, for the cost of covering or carrying a news story, commentary or
5 editorial. However, if the facility carrying the news story, commentary or editorial is owned or
6 controlled by a candidate, political party, or committee, this exemption does not apply unless the
7 news story: (i) represents a *bona fide* news account communicated in a publication of general
8 circulation or on a licensed broadcasting facility; and (ii) is part of a general pattern of campaign-
9 related news accounts that give reasonably equal coverage to all opposing candidates or sides on
10 a measure in the circulation or listening area.

11 ~~(C)~~ (B) A regularly published newsletter or regularly published periodical, other than
12 those specified in paragraph (b)(4)(A), whose circulation is limited to an organization's members,
13 employees, shareholders, other affiliated individuals and those who request or purchase the
14 publication. This paragraph applies only to the costs regularly incurred in publishing and
15 distributing the newsletter or periodical. If additional costs are incurred because the newsletter or
16 periodical is issued on other than its regular schedule, expanded in circulation, or substantially
17 altered in style, size or format, the additional costs are expenditures.

18 (5) In addition, the term expenditure does not include uncompensated internet activity by
19 an individual supporting or opposing a candidate or measure as stated in Regulation 18215.2.

20 (c) Any payment used to make contributions, as defined in ~~Government Code~~ Section
21 82015 and ~~2-Cal. Adm. Code Section~~ Regulation 18215, is an expenditure.

22 NOTE: Authority cited: Section 83112, Government Code. Reference: Section 82025,

1 Government Code.